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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-74258; File No. SR-NASDAQ-2015-008)

February 11, 2015

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify NASDAQ Rule 7018 Fees

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on February 2, 2015, The NASDAQ Stock Market LLC (“NASDAQ” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

NASDAQ is proposing to modify NASDAQ Rule 7018 fees assessed for execution and routing securities listed on NASDAQ, the New York Stock Exchange (“NYSE”) and on exchanges other than NASDAQ and NYSE.

The text of the proposed rule change is available at nasdaq.cchwallstreet.com at NASDAQ’s principal office, and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, NASDAQ included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

NASDAQ is proposing to amend NASDAQ Rule 7018(a) to modify the fees assessed under the rule for securities it trades priced at \$1 or more. Specifically, NASDAQ proposes to change the fee assessed for CART orders in securities listed on NASDAQ ("Tape C"), NYSE ("Tape A") and on exchanges other than NASDAQ and the NYSE ("Tape B") (collectively, the "Tapes"). In addition, NASDAQ is proposing to change the fee assessed for orders in Tape A securities that are routed to NYSE and then routed to another venue for execution. Lastly, NASDAQ is proposing to change the fee assessed for orders in Tape B securities that are routed to NYSEAmex or NYSEArca and then routed to another venue for execution.

CART is a routing option by which orders in securities of all Tapes route to the NASDAQ OMX BX Equities Market ("BX") then the NASDAQ OMX PHLX PSX System ("PSX"), and then the System.³ The Exchange currently assesses no charge for CART orders that execute on BX and passes-through all fees assessed and rebates offered by PSX for such orders. CART orders executed on PSX result in a pass through charge of \$0.0024 per share executed.⁴ The Exchange is proposing to now assess a set charge of \$0.0030 per share executed

³ If shares remain un-executed, they are posted to the book or cancelled. Once on the book, should the order subsequently be locked or crossed by another market center, the System will not route the order to the locking or crossing market center. See Rule 4758(a)(1)(A)(xi).

⁴ See NASDAQ OMX PHLX LLC Pricing Schedule, Section VIII(a)(1).

for CART orders in any Tape security that executes on PSX in lieu of passing through credits and rebates.

The Exchange is also proposing to change the fees assessed for Tape A securities routed to NYSE and then routed to another venue for execution. The Exchange passes through any routing fees charged to NASDAQ by NYSE for these orders, which currently is \$0.0030 per share executed but may vary based on changes to the NYSE fee schedule. NASDAQ is proposing to eliminate pass through fees and assess a set fee of \$0.0030 per share executed. Similarly, NASDAQ is proposing to eliminate pass through fees and assess a fee of \$0.0030 per share executed for orders in Tape B securities that are routed to NYSEAmex or NYSEArca and then routed to another venue for execution. The Exchange currently passes through any routing fees charged to NASDAQ by NYSEAmex or NYSEArca for these orders, which currently is \$0.0030 per share executed but may vary based on changes to those exchanges' respective fee schedules.

2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,⁵ in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,⁶ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which the Exchange operates or controls, and is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating

⁵ 15 U.S.C. 78f.

⁶ 15 U.S.C. 78f(b)(4) and (5).

transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest; and are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

NASDAQ believes that the proposed changes to the charges assessed for CART orders in securities of any Tape that execute on PSX are reasonable because they eliminate discounted pricing from the fee schedule and more closely aligns [sic] the fee received with the costs associated with providing routing services. The Exchange incurs costs in operating and supporting the routing function, which are in addition to the fees of other exchanges that it incurs when a routed order executes on another venue. To cover such costs, the Exchange assesses the same fee as is being proposed for other routed orders, such as STGY, SCAN, SKNY and SKIP orders, which are assessed a charge of \$0.0030 per share executed.⁷ Thus, the current pass through fee results in a discount to the fee assessed for use of the routing function for other routed orders. The Exchange notes that CART orders that execute on BX are not assessed a charge, but rather the Exchange receives a rebate from BX for the routed execution.⁸ The Exchange also believes that the proposed changes are reasonable because they remove complexity from the fee schedule and assess a fee that is not dependent on knowing what the current liquidity removal rate is on PSX. NASDAQ believes that the proposed changes to CART order fees are equitably allocated because all member firms that receive an execution on PSX will be assessed a fee that is more closely aligned with the costs incurred by NASDAQ, as noted

⁷ For a description of STGY, SCAN, SKNY and SKIP routing strategies, see Rules 4758(a)(1)(A)(i) and (ii) [sic].

⁸ BX provides rebates to market participants that remove liquidity ranging from \$0.0004 to \$0.0015. See BX Rule 7018(a).

above. NASDAQ believes that the proposed changes to CART order fees do not discriminate unfairly because they eliminate a distinction in the fees whereby discounted fees are charged for use of the Exchange's routing functionality. Moreover, the proposed changes do not discriminate unfairly because they eliminate a distinction in the routing fees whereby some fees are fixed and others are based on fee assessed by other markets. As noted above, most routing fees are based on a set fee, and are not tied to the fees of other markets.

The Exchange believes that the change to eliminate pass through fees for Tape A securities that are routed to NYSE and then routed to another venue for execution, and the change to eliminate pass through fees for Tape B securities that are routed to NYSEAmex and NYSEArca and then routed to another venue for execution are reasonable because they remove complexity from the fee schedule and assess a fee that is not dependent on knowing what the current routing rates are on those markets. Moreover, the proposed new fees are identical to the fees assessed currently. The Exchange believes that the proposed fee changes are equitably allocated because all member firms that receive an execution on another venue in these securities will be assessed the same fee. Lastly, the Exchange believes that the proposed changes do not discriminate unfairly because they eliminate a distinction in the routing fees whereby some fees are fixed and others are based on fee assessed by other markets. As noted above, most of NASDAQ's routing fees are based on a set fee, and are not tied to the fees of other markets.

B. Self-Regulatory Organization's Statement on Burden on Competition

NASDAQ does not believe that the proposed rule changes will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.⁹ NASDAQ notes that it operates in a highly competitive market in which market

⁹ 15 U.S.C. 78f(b)(8).

participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, NASDAQ must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, NASDAQ believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. In this instance, the changes to routing fees and credits do not impose a burden on competition because NASDAQ's routing services are optional and are the subject of competition from other exchanges and broker-dealers that offer routing services, as well as the ability of members to use their own routing capabilities. The increased fees for execution of CART orders on PSX are reflective of a need to better align the fees received with the costs incurred in operating and supporting the routing function. The proposed changes to orders in certain Tape securities routed to NYSE, NYSEAmex, and NYSEArca do not represent an increase or decrease in fees, but rather, like the change to CART orders, removes [sic] an unnecessarily complex process to determine the fee assessed with a set fee, which is consistent with other NASDAQ routing fees. Under the current fees, a member firm must know what the respective fee schedules of PSX, NYSE, NYSEAmex and NYSEArca are at any given time. Thus, the changes will simplify the fee schedule by providing certainty to the fee assessed. For these reasons, NASDAQ does not believe that any of the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets. While the Exchange does not believe that the

proposed changes will result in any burden on competition, if the changes proposed herein are unattractive to market participants it is likely that NASDAQ will lose market share as a result.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act¹⁰. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2015-008 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

¹⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

All submissions should refer to File Number SR-NASDAQ-2015-008. This file number should be included on the subject line if e-mail is used.

To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal offices of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions

should refer to File Number SR-NASDAQ-2015-008, and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹¹

Brent J. Fields
Secretary

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¹¹ 17 CFR 200.30-3(a)(12).